

AUDIT REPORT

CITY OF ATOKA, OKLAHOMA

DECEMBER 31, 2013



KERSHAW CPA & ASSOCIATES, PC

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CITY OF ATOKA, OKLAHOMA
DECEMBER 31, 2013

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CITY OF ATOKA, OKLAHOMA
DECEMBER 31, 2013

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CITY OF ATOKA, OKLAHOMA
LIST OF BOARD MEMBERS
DECEMBER 31, 2013

ELECTED OFFICIALS

<u>NAME</u>	<u>POSITION</u>
ROBERT FREDERICK	MAYOR
BRIAN CATHEY	VICE MAYOR
ELISABETH FRAZIER	COUNCIL MEMBER
JAMES THORNLEY	COUNCIL MEMBER
RONALD MCGUE	COUNCIL MEMBER

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Atoka, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Atoka, Oklahoma, as of and for the fiscal year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in accordance with Oklahoma Statutes. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of significant accounting

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estimates made, by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinion

As discussed in Note 1 to the financial statements, the City has not maintained accurate capital asset records to support the historical cost of past capital asset purchases. Accounting principles generally accepted in the United States of America require that capital assets be recorded at historical cost net of accumulated depreciation. Documentation supporting historical cost was not readily available for my review. The amount by which this departure would affect the assets, net position, and expenditures/expenses of the Governmental & Business-Type Activities is not readily determinable.

Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Atoka, Oklahoma, as of December 31, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Information be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We

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do not express an opinion or provide assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The City of Atoka, Oklahoma has implemented the general provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34. However the City has not presented the Management's Discussion and Analysis required by the Governmental Accounting Standards Board (GASB) that the GASB has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Supplementary and Other Information

The introductory section listed in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the City. Such additional information has not been subjected to the auditing procedures applied in our audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements of the City of Atoka, Oklahoma.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 2, 2014, on our consideration of the City of Atoka, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the

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scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in compliance with *Government Auditing Standards* in considering City of Atoka, Oklahoma's internal control over financial reporting and compliance.

Kershaw CPA & Associates, P.C.
Kershaw CPA & Associates, PC

June 2, 2014

CITY OF ATOKA, OKLAHOMA
STATEMENT OF NET POSITION
DECEMBER 31, 2013

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
<u>Current Assets:</u>			
Cash and cash equivalents	\$ 1,049,207	\$ 1,130,559	\$ 2,179,767
Investments	472,853	433,096	905,949
Accounts Receivable	42,138	129,697	171,835
Taxes Receivable	175,211	78,802	254,013
Due from Other Funds	-	-	-
Total Current Assets	1,739,409	1,772,154	3,511,563
<u>Other Assets:</u>			
Cash and cash equivalents - Restricted	2,924	511,232	514,156
Investments - Restricted	-	64,000	64,000
Total Other Assets	2,924	575,232	578,156
<u>Capital Assets:</u>			
Land and Construction in Progress	-	6,506,937	6,506,937
Capital Assets, net of Accum. Depreciation	-	11,080,161	11,080,161
Total Capital Assets	-	17,587,097	17,587,097
TOTAL ASSETS	1,742,333	19,934,484	21,676,817
<u>LIABILITIES</u>			
<u>Current Liabilities:</u>			
Accounts Payable	45,881	(1,473)	44,408
CLEET & Forensics Liability	3,245	-	3,245
Vacation Payable	86,103	20,823	106,926
Due to Other Funds	(25,898)	(13,097)	(38,995)
Posted Bonds	17,410	-	17,410
Cemetery Perpetual Care	1,341	-	1,341
Drug Enforcement Funds	276	-	276
Customer Deposits	597	136,121	136,718
Notes Payable - Current Portion	-	161,448	161,448
Total Current Liabilities	128,955	303,822	432,778
<u>Long-Term Liabilities:</u>			
Note Payable - Long-Term	-	9,545,465	9,545,465
Total Long-Term Liabilities	-	9,545,465	9,545,465
TOTAL LIABILITIES	128,955	9,849,287	9,978,243
<u>NET POSITION</u>			
Net investment in capital assets	-	7,880,184	7,880,184
Restricted for:			
Debt Service	-	575,232	575,232
Other Purposes	2,924	-	2,924
Unrestricted	1,610,453	1,629,780	3,240,233
TOTAL NET POSITION	\$ 1,613,377	\$ 10,085,196	\$ 11,698,573

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

CITY OF ATOKA, OKLAHOMA
STATEMENT OF ACTIVITIES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expenses)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Current:					
General Government	\$ 521,079	\$ 130,486	\$ 38,398	\$ 22,920	\$ (329,275)
Police Department	839,629	356,597	-	-	(483,032)
Lake Patrol	205,459	-	230,639	-	25,180
Fire Department	79,004	-	6,274	-	(72,730)
Street Department	696,559	-	-	-	(696,559)
Airport	23,844	14,443	-	-	(9,401)
Culture & Recreation	150,829	11,929	-	-	(138,900)
Public Works	-	-	-	103,714	103,714
Debt Service	-	-	-	-	-
Capital Outlay	70,562	-	-	-	(70,562)
Total Governmental Activities	2,586,965	513,454	275,312	126,634	(1,671,564)
Business-type activities:					
Water	430,354	436,536	-	-	6,182
Sewer	239,607	498,028	-	908,006	1,166,428
Sanitation	333,712	349,553	-	-	15,841
Industrial Development	-	-	-	-	-
Culture & Recreation	136,187	54,957	-	-	(81,230)
Misc. Other Business-type	1,439,060	164,670	-	-	(1,274,391)
Total Business-type Activities	2,578,920	1,503,743	-	908,006	(167,171)
Total	\$ 5,165,884	\$ 2,017,197	\$ 275,312	\$ 1,034,641	\$ (1,838,735)

Changes in Net Position:

	Governmental Activities	Business-Type Activities	Total
Net (expense)/revenue	\$ (1,671,564)	\$ (167,171)	\$ (1,838,735)
General revenues:			
Sales Tax	1,657,040	828,083	2,485,123
Use Tax	163,202	81,118	244,320
Licenses & Permits	8,974	-	8,974
Alcoholic Beverage Tax	56,554	-	56,554
Vehicle License Tax	15,984	-	15,984
Gasoline Taxes	5,654	-	5,654
Tobacco Tax	30,970	-	30,970
Other Taxes	121,699	-	121,699
Utility Franchise Taxes	97,693	-	97,693
Interest Income	3,032	4,039	7,071
Miscellaneous Revenues	33,433	270,275	303,708
Transfers - Internal Activity	(187,268)	187,268	-
Total general revenues & transfers	2,006,965	1,370,783	3,377,747
Changes in net position	335,400	1,203,612	1,539,012
Net position - beginning	1,279,066	8,928,659	10,207,725
Net position - prior year adjustment	(1,089)	(47,074)	(48,164)
Net position - ending	\$ 1,613,377	\$ 10,085,197	\$ 11,698,573

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

CITY OF ATOKA, OKLAHOMA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	General Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 351,346	\$ 697,861	\$ -	\$ 1,049,207
Investments	422,853	50,000	-	472,853
Accounts Receivable	15,581	26,557	-	42,138
Taxes Receivable	96,408	78,802	-	175,211
Due from Other Funds	-	-	-	-
Restricted Cash and cash equivalents	2,924	-	-	2,924
TOTAL ASSETS	\$ 889,113	\$ 853,220	\$ -	\$ 1,742,333
LIABILITIES & FUND EQUITY				
LIABILITIES:				
Accounts Payable	\$ 44,439	\$ 1,442	\$ -	\$ 45,881
CLEET & Forensics Liability	3,245	-	-	3,245
Vacation Payable	72,720	13,383	-	86,103
Due to Other Funds	(112,341)	86,443	-	(25,898)
Posted Bonds	17,410	-	-	17,410
Cemetery Perpetual Care	1,341	-	-	1,341
Drug Enforcement Funds	276	-	-	276
Permit & Inspection Fees	597	-	-	597
TOTAL LIABILITIES	27,687	101,268	-	128,955
FUND BALANCES:				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	751,952	-	751,952
Unassigned	861,425	-	-	861,425
TOTAL FUND BALANCES	861,425	751,952	-	1,613,377
TOTAL LIABILITIES AND FUND BALANCES	\$ 889,113	\$ 853,220	\$ -	\$ 1,742,333

Reconciliation to Statement of Net Position:

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities of \$0, net of accumulated depreciation of \$0, are not financial resources and, therefore, are not reported in the funds. -

Some liabilities, including capital debt obligations payable, are not due and payable in the current period and therefore are not reported in the funds. -

Net Position of Governmental Activities \$ 1,613,377

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

CITY OF ATOKA, OKLAHOMA
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 GOVERNMENTAL FUNDS
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013

	General Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Sales Tax	\$ 828,957	\$ 828,083	\$ -	1,657,040
Use Tax	82,084	81,118	-	163,202
Licenses & Permits	8,974	-	-	8,974
Alcoholic Beverage Tax	56,554	-	-	56,554
Vehicle License Tax	15,984	-	-	15,984
Gasoline Taxes	5,654	-	-	5,654
Tobacco Tax	30,970	-	-	30,970
Other Taxes	121,699	-	-	121,699
Grant Revenue	401,946	-	-	401,946
Charges for Services	156,857	-	-	156,857
Bond & Fine Receipts	356,597	-	-	356,597
Utility Franchise Taxes	97,693	-	-	97,693
Interest	3,032	-	-	3,032
Miscellaneous Revenues	8,433	25,000	-	33,433
TOTAL REVENUES	2,175,432	934,201	-	3,109,633
EXPENDITURES:				
Current:				
General Government	521,079	-	-	521,079
Police Department	839,629	-	-	839,629
Lake Patrol	205,459	-	-	205,459
Fire Department	79,004	-	-	79,004
Street Department	35,880	660,679	-	696,559
Airport	23,844	-	-	23,844
Culture & Recreation	150,829	-	-	150,829
Public Works	-	-	-	-
Debt Service	-	-	-	-
Capital Outlay	38,062	32,500	-	70,562
TOTAL EXPENDITURES	1,893,786	693,179	-	2,586,965
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	281,647	241,022	-	522,668
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	17,927	-	-	17,927
Operating Transfers Out	(190,250)	(14,945)	-	(205,195)
Capital Debt Proceeds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(172,323)	(14,945)	-	(187,268)
NET CHANGES IN FUND BALANCES	109,324	226,077	-	335,400
FUND BALANCE - BEGINNING OF YEAR	752,657	526,409	-	1,279,066
FUND BALANCE - PRIOR YEAR ADJUSTMENT	(555)	(534)	-	(1,089)
FUND BALANCE - END OF YEAR	\$ 861,425	\$ 751,952	\$ -	1,613,377

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

CITY OF ATOKA, OKLAHOMA
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 GOVERNMENTAL FUNDS
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013

Reconciliation to Statement of Activities:

Net change in fund balances - total governmental funds	\$	335,400
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Amounts reported for governmental activities in the Statement of Activities are different because:

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Capital debt obligation principal payments	-	
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Issuance of new capital debt obligations is recorded as capital debt proceeds in the governmental funds, but the proceeds create long-term liabilities in the Statement of Net Position:

Capital Debt Proceeds	-	
-----------------------	---	--

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	-	
Depreciation expense	-	

	\$	335,400
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See Accountant's Audit Report & Notes Which Accompany These Financial Statements

**CITY OF ATOKA, OKLAHOMA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2013**

	Enterprise Funds			
	Atoka Municipal Authority	Atoka City Industrial Development Authority	Atoka Industrial Facilities Authority	Total
<u>ASSETS</u>				
Current Assets:				
Cash and cash equivalents	\$ 113,208	\$ 919,211	\$ 98,141	\$ 1,130,559
Investments	5,898	427,198	-	433,096
Accounts Receivable	129,896	-	(200)	129,697
Taxes Receivable	39,401	39,401	-	78,802
Due from Other Funds	-	-	-	-
Total Current Assets	288,403	1,385,810	97,941	1,772,154
Noncurrent Assets:				
Restricted Cash	511,232	-	-	511,232
Restricted Investments	64,000	-	-	64,000
Land and Construction in Progress	5,989,937	517,000	-	6,506,937
Other capital assets, net of accumulated depreciation	7,296,344	1,736,069	2,047,748	11,080,161
Total Noncurrent Assets	13,861,513	2,253,069	2,047,748	18,162,330
TOTAL ASSETS	14,149,916	3,638,879	2,145,689	19,934,484
<u>LIABILITIES & FUND EQUITY</u>				
Current Liabilities:				
Accounts Payable	(8,024)	4,774	1,777	(1,473)
Vacation Payable	18,439	-	2,384	20,823
Due to Other Funds	(13,097)	-	-	(13,097)
Customer Deposits	136,121	-	-	136,121
Notes Payable - Current Portion	141,613	-	19,835	161,448
Total Current Liabilities	275,053	4,774	23,996	303,822
Noncurrent Liabilities:				
Notes Payable - Long-Term Portion	8,587,145	-	958,320	9,545,465
Total Noncurrent Liabilities	8,587,145	-	958,320	9,545,465
TOTAL LIABILITIES	8,862,198	4,774	982,316	9,849,287
NET POSITION:				
Net investment in capital assets	4,557,523	2,253,069	1,069,593	7,880,184
Restricted for debt service	575,232	-	-	575,232
Unrestricted	154,964	1,381,036	93,780	1,629,780
TOTAL NET POSITION	\$ 5,287,718	\$ 3,634,106	\$ 1,163,373	\$ 10,085,197

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

CITY OF ATOKA, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013

	Enterprise Funds			
	Atoka Municipal Authority	Atoka City Industrial Development Authority	Atoka Industrial Facilities Authority	Total
OPERATING REVENUES:				
Water Service	\$ 436,536	\$ -	\$ -	\$ 436,536
Sewer Service	498,028	-	-	498,028
Refuse Collection	349,553	-	-	349,553
Penalties	17,892	-	-	17,892
Water and Sewer Tap Fees	4,300	-	-	4,300
Recovery of Bad Debts	140	-	-	140
Miscellaneous	61,539	45,002	-	106,541
Transfer Station	113,538	-	-	113,538
Grants	908,006	-	-	908,006
Sale of Recyclables	28,800	-	-	28,800
Intergovernmental	-	88,183	-	88,183
Other Charges for Services	-	-	54,957	54,957
Rents and Leases	-	75,551	-	75,551
Sales and Use Tax	454,600	454,600	-	909,201
TOTAL OPERATING REVENUES	2,872,931	663,337	54,957	3,591,225
OPERATING EXPENSES:				
Sewer Plant Maintenance	86,062	-	-	86,062
Sewer Collection	153,544	-	-	153,544
Water Maintenance	216,587	-	-	216,587
Water Production	213,767	-	-	213,767
Sanitation	333,712	-	-	333,712
Transfer Station Expenses	160,260	-	-	160,260
Public Works	105,659	-	-	105,659
Industrial Development	-	-	-	-
Culture & Recreation	-	-	136,187	136,187
Park Design & Development	-	36,671	-	36,671
Marketing	-	3,543	-	3,543
Administration	147,247	78,565	-	225,813
Capital Outlay	-	-	-	-
Depreciation	352,350	89,051	76,351	517,752
TOTAL OPERATING EXPENSES	1,769,188	207,830	212,538	2,189,556
NET OPERATING INCOME (LOSS)	1,103,743	455,507	(157,581)	1,401,669
NON-OPERATING REVENUES (EXPENSES)				
Interest Income	720	3,319	-	4,039
Interest Expense	(354,851)	-	(34,512)	(389,363)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(354,131)	3,319	(34,512)	(385,324)
NET INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	749,612	458,826	(192,093)	1,016,345
Capital Contributions	-	-	-	-
Transfers in	49,543	-	230,707	280,250
Transfers out	-	(92,982)	-	(92,982)
CHANGE IN NET POSITION	799,155	365,844	38,613	1,203,612
TOTAL NET POSITION - BEGINNING	4,535,537	3,266,492	1,126,629	8,928,659
TOTAL NET POSITION - PRIOR YEAR ADJUSTMENTS	(46,974)	1,769	(1,870)	(47,074)
TOTAL NET POSITION - ENDING	\$ 5,287,718	\$ 3,634,106	\$ 1,163,373	\$ 10,085,197

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

**CITY OF ATOKA, OKLAHOMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013**

	Enterprise Funds			
	Atoka Municipal Authority	Atoka City Industrial Development Authority	Atoka Industrial Facilities Authority	Total
<u>Cash Flows from Operating Activities:</u>				
Cash Receipts from Customers	\$ 2,425,975	\$ 120,553	\$ 55,057	\$ 2,601,584
Other Cash Receipts	448,140	536,323	-	984,464
Payments to Suppliers & Employee for Goods & Services	(1,441,151)	(118,328)	(134,749)	(1,694,228)
Receipts of Customer Utility Deposits, Net of Refunds	1,244	-	-	1,244
Net Cash Provided (Used) by Operating Activities	1,434,208	538,548	(79,692)	1,893,064
<u>Cash Flows from Non-Capital Financing Activities:</u>				
Transfers to other funds	(13,097)	(92,982)	-	(106,079)
Transfers from other funds	59,628	-	230,771	290,399
Net Cash Provided (Used) by Non-Capital Financing Activities	46,531	(92,982)	230,771	184,320
<u>Cash Flows from Capital & Related Financing Activities:</u>				
Capital Contributions	-	-	-	-
Additions to Capital Assets	(990,471)	-	(17,757)	(1,008,229)
Gain on Sale of Capital Assets	-	-	-	-
Proceeds from sale of Capital Assets	-	-	-	-
Loan Proceeds received	-	-	-	-
Principal paid on Notes Payable	(136,271)	-	-	(136,271)
Principal paid on Lease Purchase Obligations	-	-	(19,245)	(19,245)
Interest paid	(354,851)	-	(34,512)	(389,363)
Net Cash Provided (Used) by Capital & Related Financing Activities	(1,481,593)	-	(71,515)	(1,553,108)
<u>Cash Flows from Investing Activities:</u>				
(Increase) in Investments	0	(2,500)	-	(2,500)
Interest Income	720	3,319	-	4,039
Net Cash Provided (Used) by Investing Activities	720	819	-	1,539
Net Increase (Decrease) in Cash and Cash Equivalents	(134)	446,385	79,564	525,815
Cash & Cash Equivalents, Beginning of Year	624,574	472,826	18,577	1,115,977
Cash & Cash Equivalents, Prior Year Adjustment	-	-	-	-
Cash & Cash Equivalents, End of Year	\$ 624,440	\$ 919,211	\$ 98,141	\$ 1,641,792
<u>Reconciliation of operating income (loss) to net cash provided operating activities:</u>				
Operating Income (Loss)	\$ 1,103,743	\$ 455,507	\$ (157,581)	\$ 1,401,669
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	352,350	89,051	76,351	517,752
(Increase)Decrease in Accounts Receivable	7,644	-	100	7,743
(Increase)Decrease in Taxes Receivable	(6,460)	(6,460)	-	(12,920)
Increase(Decrease) in Accounts Payable	(24,313)	451	1,438	(22,424)
Increase(Decrease) in Due to Depositors	1,244	-	-	1,244
Net Cash Provided (Used) by Operating Activities	\$ 1,434,208	\$ 538,548	\$ (79,692)	\$ 1,893,064

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

CITY OF ATOKA, OKLAHOMA
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2013

	Trust and Agency Funds			
	Payroll Clearing	Cemetery Perpetual Care	Cemetery Care	Total
<u>ASSETS</u>				
Cash and cash equivalents	\$ 25,788	\$ 59,192	\$ 936	\$ 85,916
Investments	-	49,650	-	49,650
Accounts Receivable	-	-	-	-
Due from Other Funds	(49,730)	-	-	(49,730)
TOTAL ASSETS	(23,941)	108,842	936	85,836
<u>LIABILITIES & FUND EQUITY</u>				
Current Liabilities:				
Accounts Payable	(26,353)	-	-	(26,353)
Due to Other Funds	-	-	-	-
Total Current Liabilities	(26,353)	-	-	(26,353)
Noncurrent Liabilities:				
Notes Payable - Long-Term Portion	-	-	-	-
Total Noncurrent Liabilities	-	-	-	-
TOTAL LIABILITIES	(26,353)	-	-	(26,353)
NET POSITION:				
Assigned	2,411	108,842	936	112,189
TOTAL NET POSITION	\$ 2,411	\$ 108,842	\$ 936	\$ 112,189

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

CITY OF ATOKA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Atoka, Oklahoma (City) was incorporated under provisions of Oklahoma Law. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services. The following is a summary of the more significant policies:

A. Financial Reporting Entity:

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic-but not only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility includes, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities.

B. Basis of Presentation - Fund Accounting:

The accounts of the City of Atoka are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenues and expenses or expenditures. The following funds are used by the City:

Government Fund Types:

General Fund:

The General Fund is the general operating fund of the City. All financial resources, except those required to be accounted for in a separate fund, are accounted for in the General Fund.

CITY OF ATOKA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Special Revenue Funds:

These funds are established to account for the proceeds of specific revenue sources other than special assessments, expendable trusts, or major capital projects that are legally restricted to expenditures for specified purposes.

Capital Projects Fund:

These funds are established to account for major capital expenditures not financed by Enterprise Funds, Internal Service Funds, or Trust Funds.

Proprietary Fund Types:

This type of fund accounts for operations that are organized to be self-supporting through user charges. The funds included in this category are the Enterprise Funds.

Enterprise Funds - Atoka Municipal Authority, Atoka City Industrial Development Authority and Atoka Industrial Facilities Authority:

The enterprise funds are used to account for operations that are operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

The Atoka Municipal Authority and the Industrial Development Authority are public trusts, the beneficiary of which is the City of Atoka, Oklahoma. The Atoka Municipal Authority and the Industrial Development Authority use the enterprise fund basis of accounting in the preparation of its financial statements. The authority prepared its financial statements prior to June 30, 1983 using the governmental fund basis of accounting which in general does not take into account fixed assets, long-term debt and certain other resources and obligations which may mature or be realized in more than one year. Accounts receivable are presented in the financial statements without allowance for doubtful accounts. Uncollectible accounts are charged directly to income based upon management's estimation of the probability of each account's collectibility.

CITY OF ATOKA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

The Atoka Industrial Facilities Authority was created October 10, 1996. Until the 2010 fiscal year, the Authority has had no activity for several years.

C. Basis of Accounting

Governmental Funds, Expendable Trust Funds and Agency Funds utilize the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they become both available and measurable. Licenses and permits, fines and forfeits, royalties, charges for services and miscellaneous revenues are recorded when earned (when they are measurable and available). Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for debt service, prepaid expenses, and other long-term obligations which are recognized when paid. The City of Atoka does not have any expendable trust funds or agency funds.

All Proprietary Funds, Nonexpendable Trust Funds, and Pension Trust Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Interest on revenue bonds, proceeds of which are used in financing the construction of certain assets, is capitalized during the construction period net of interest on the investment of unexpended bond proceeds.

The accounting policies of the City conform to Generally Accepted Accounting Principles (GAAP) as applicable to governmental units. The Proprietary fund applies Financial Account Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements in which case, GASB prevails.

D. Budgetary Data:

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General, Capital Improvement, and the Atoka Municipal Authority. All annual encumbrances and appropriations lapse at fiscal year end.

CITY OF ATOKA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

E. Cash and Investments:

Cash includes amounts in demand deposits. The City considers all cash on hand, demand deposits and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents. City policy has been to invest in obligations of the U.S. Treasury and Certificates of Deposit.

F. Short-term Interfund Receivables/Payables:

During the course of operations, transactions occur between individual funds for various reasons. The receivables and payables are classified as "Due From Other Funds" or "Due to Other Funds" on the balance sheet. Short-term loans are classified as "Interfund Receivables/Payables."

G. Inventories:

There are no inventories listed on the balance sheet. The amount of inventories is small and is recorded as an expenditure when purchased rather than when consumed.

H. Restricted and Reserved Areas:

Certain proceeds from grants, customer deposits, park funds, and bond sinking funds have been set aside for these purposes, and fund balances and resources have been restricted to assure availability for the intended purpose.

I. Capital Assets:

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund and similar discretely presented component unit operations and whether they are reported in the government-wide or fund financial statements. The City has not historically maintained fixed asset records.

J. Compensated Absences:

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested accumulated vacation leave of proprietary funds is recorded as an expenditure of these funds as the benefits accrue to employees. In accordance with

CITY OF ATOKA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

the provisions of Statement of Accounting Standards No. 43, Accounting for Compensated Absences no liability is recorded for nonvesting accumulating rights to received sick pay benefits.

K. Long-Term Obligations:

Long-term liabilities expected to be financed from Proprietary Fund operations are accounted for in that fund (Atoka Municipal Authority and the Industrial Development Authority).

L. Net Position/Fund Balance Classifications:

Equity is classified as net position and displayed in three components:

1. Net investment in capital assets—Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.
2. Restricted—Consists of restricted assets reduced by liabilities and deferred inflows or resources related to those assets, with restriction constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted—Net amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

It is the City's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

Fund Balance

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Town classifies governmental fund balances as follows:

CITY OF ATOKA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

- Non-spendable - Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted - Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned - Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board.
- Unassigned - Includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The Town uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Government would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Government does not have a formal minimum fund balance policy.

The purposes of each major special revenue fund and revenue source is listed below:

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Capital Improvement Fund	Sales Tax Use Tax Miscellaneous Income

M. Interfund Transactions:

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made

CITY OF ATOKA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund as a reduction of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. All interfund transfers are reported as operating transfers. The interfund transactions have not been reconciled, but are considered immaterial.

N. Total - Memorandum Only Columns:

Total columns on the general purpose financial statements are captioned "Memorandum Only" to indicate they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to consolidation. Interfund eliminations have not been made in the aggregation of the data.

O. Comparative Data:

These prior year totals have been presented in the accompanying financial statements, in order to provide an understanding of changes in the government's financial position. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

NOTE 2 - LEGAL COMPLIANCE - BUDGETS

In November each year, all departments of the government submit requests for appropriations to the budget committee composed of the City Manager and the finance committee of the council. The budget is prepared by fund functions and activity and includes information from the past three (3) years, current year's estimates and requested appropriation for the next fiscal year. In December, the proposed budget is presented to the City Council for review. The City Council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenue and reserves estimated as available and must be changes by an affirmative vote of a majority of the City Council.

CITY OF ATOKA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Expenditures may not legally exceed budget appropriations at the activity level.

NOTE 3 - DEPOSITS AND INVESTMENTS

Custodial Credit Risk

At December 31, 2013, the City held deposits of approximately \$3,799,438 at financial institutions. The City's cash deposits, including interest-bearing certificates of deposit are covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by the City or by its agent in the City's name.

Investment Interest Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk

The City has no policy that limits its investment choices other than the limitation of state law as follows:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposits or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.

CITY OF ATOKA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a.-d.).

NOTE 4 - COMMITMENTS AND CONTINGENCIES

Grant Audit: The City receives Federal and State Grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by the grantor for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the City Manager, such disallowance, if any, will not be significant.

The City is subject to various other risks of loss, for which the City has purchased commercial insurance to cover the City's property and liability.

NOTE 5 - DEFICIT FROM OPERATIONS AND RETAINED EARNINGS

As a public trust, Atoka Municipal Authority is entitled to receive certain tax funding, Federal Grants and State Grants. Retained earnings from nonoperating sources is the total accumulated nonoperating revenue since the inception of the Authority. Management estimates that the Authority will continue to be supported in part at least by nonoperating revenues.

NOTE 6 - BAD DEBTS

Bad debts are recognized quarterly based upon management's estimation of uncollectible accounts as of December 31 of each year. Pertinent City ordinances require that collection efforts be instituted approximately 45 days after billings become past due.

NOTE 7 - CHANGES IN CAPITAL ASSETS

Proprietary Fund Capital Assets:

CITY OF ATOKA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

	12/31/2012			12/31/2013
<u>Business-Type Activities:</u>	Balance	Additions	Retirements	Balance
Capital assets not being depreciated:				
Land	\$ 524,868	\$ -	\$ -	\$ 524,868
Construction in progress	4,991,597	990,471	-	5,982,068
Total capital assets not being depreciated	5,516,465	990,471	-	6,506,937
Other capital assets:				
Water Lines	312,030	-	-	312,030
Water Treatment Plant	7,464,467	-	-	7,464,467
Fluoride System	9,651	-	-	9,651
Elevated Water Tank	146,444	-	-	146,444
Sewer System	2,007,791	-	-	2,007,791
Vehicles and Equipment	890,440	1,782	-	892,222
Water Meters	3,785	-	-	3,785
Leasehold Improvements	14,692	-	-	14,692
Buildings	5,256,574	15,975	-	5,272,549
Total other capital assets	16,105,874	17,757	-	16,123,631
Less: Accum. Depreciation for:				
Water Lines	295,881	7,801	-	303,682
Water Treatment Plant	1,052,467	242,946	-	1,295,413
Fluoride System	9,651	-	-	9,651
Elevated Water Tank	103,398	3,661	-	107,059
Sewer System	1,106,176	60,695	-	1,166,871
Vehicles and Equipment	808,179	26,357	-	834,536
Water Meters	3,785	-	-	3,785
Leasehold Improvements	2,938	490	-	3,428
Buildings	1,143,243	175,802	-	1,319,045
Total Accumulated Depreciation	4,525,718	517,752	-	5,043,470
Other capital assets, net	11,580,156	(499,995)	-	11,080,161
Business-type activities capital assets, net	\$ 17,096,621	\$ 490,477	\$ -	\$ 17,587,098

The additions to accumulated depreciation include only the current year depreciation expense of \$517,752. The asset additions included the Sewer System Project, an HP Pavilion Computer with QuickBooks, and construction of a concession stand at the soccer field.

NOTE 8 - CHANGES IN LONG-TERM DEBT

GOVERNMENTAL FUND TYPES:

The City currently has no governmental fund type long-term debt.

The following is a summary of capital lease obligations for the year ended December 31, 2013:

CITY OF ATOKA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

	Balance 12/31/2012	Additions	Deductions	Balance 12/31/2013
Capital Lease Obligations	-	-	-	-
	\$ -	\$ -	\$ -	\$ -

A summary of future maturities of principal and interest are as follows:

Year Ending December 31,	Capital Lease Obligations		Total
	Principal	Interest	
2014	-	-	\$ -
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019-2023	-	-	-
Total	\$ -	\$ -	\$ -

PROPRIETARY FUND TYPES:

Note Payable - DOC

The Atoka Municipal Authority has a non-interest bearing promissory note due to the Oklahoma Department of Commerce. The proceeds of this loan were used to help finance the construction/renovation of a sewage collection and treatment facility. The promissory note bears interest at 0.0% per annum and requires 239 payments of \$520.83 per month with a final payment #240 of \$521.63, or until paid off.

Notes Payable - USDA Rural Development

On May 1, 2008, the Atoka Municipal Authority incurred two notes due to Rural Development. The first note is in the amount of \$3,638,000.00 with a fixed interest rate of 4.50% with 480 monthly payments of principal and interest of \$16,371.00 starting June 1, 2008 and due May 1, 2048. The second note is in the amount of \$2,348,000.00 with a fixed interest rate of 4.125% with 480 monthly payments of principal and interest of \$10,003.00 starting June 1, 2008 and due May 1, 2048. The notes are for the purpose of providing loan funds for a portion of the cost of a water line replacement/extension project.

On August 15, 2011, the Atoka Municipal Authority incurred two notes due to Rural Development. The first note is in the amount of \$2,381,000.00 with a fixed interest rate of 4.125% with 480 monthly payments of principal and interest of \$10,144.00 starting September 15, 2011 and due August 15, 2051. The second note is in the amount of

CITY OF ATOKA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

\$1,178,000.00 with a fixed interest rate of 2.50% with 480 monthly payments of principal and interest of \$3,888.00 starting September 15, 2011 and due August 15, 2051. The notes are for the purpose of providing loan funds for a portion of the cost of a wastewater system improvement project.

Note Payable - AmeriState Bank

On June 21, 2010, the Atoka Industrial Facilities Authority incurred a promissory note due to AmeriState Bank. The proceeds of this loan are being used for construction of the Event Complex and will not exceed \$1,800,000.00. The promissory note bears interest at 5.0% per annum and requires 12 monthly consecutive interest payments, beginning July 21, 2010, and 107 monthly consecutive principal and interest payments of \$9,667.37 each, beginning July 21, 2011 and on principal and interest payment of \$1,515,723.89 on June 21, 2020. During the current year, the AIFA paid an additional principal only payment of \$771,000.00 and refinanced the loan with a new interest rate of 3.5% to be paid in equal monthly payments of \$4,479.79 with a final lump sum payment on August 21, 2021 of the remaining balance due for principal & interest.

The following is a summary of long-term debt additions and deductions for the twelve months ended December 31, 2013:

	Balance 12/31/2012	Additions	Deductions	Balance 12/31/2013
DOC Sewer Loan (AMA)	\$ 54,167	\$ -	\$ (6,250)	\$ 47,917
USDA RD #91-02 (AMA)	2,157,346	-	(31,642)	2,125,704
USDA RD #91-06 (AMA)	3,234,130	-	(51,985)	3,182,145
USDA RD #92-04 (AMA)	2,291,832	-	(27,713)	2,264,119
USDA RD #92-07 (AMA)	1,127,554	-	(18,681)	1,108,873
AmeriState Bank (AIFA)	997,400	-	(19,245)	978,155
	<u>\$ 9,862,429</u>	<u>\$ -</u>	<u>\$ (155,516)</u>	<u>\$ 9,706,913</u>

A summary of future maturities of principal and interest are as follows:

CITY OF ATOKA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

DOC Sewer Loan (AMA)

Year Ending December 31,	Principal	Interest	Total
2014	\$ 6,250	\$ -	\$ 6,250
2015	6,250	-	6,250
2016	6,250	-	6,250
2017	6,250	-	6,250
2018	6,250	-	6,250
2019-2021	16,667	-	16,667
Total	<u>\$ 47,917</u>	<u>\$ -</u>	<u>\$ 47,917</u>

USDA Rural Development #91-02:

FYE Dec 31,	Principal	Interest	Total
2014	\$ 32,968.89	\$ 87,067.11	\$ 120,036.00
2015	34,354.87	85,681.13	120,036.00
2016	35,799.08	84,236.92	120,036.00
2017	37,304.03	82,731.97	120,036.00
2018	38,872.28	81,163.72	120,036.00
2019-2023	220,291.54	379,888.46	600,180.00
2024-2028	270,655.86	329,524.14	600,180.00
2029-2033	332,534.78	267,645.22	600,180.00
2034-2038	408,560.88	191,619.12	600,180.00
2039-2043	501,968.42	98,211.58	600,180.00
2044-2045	212,392.95	8,544.25	220,937.20
	<u>\$ 2,125,703.58</u>	<u>\$ 1,696,313.62</u>	<u>\$ 3,822,017.20</u>

USDA Rural Development #91-06:

FYE Dec 31,	Principal	Interest	Total
2014	\$ 54,366.95	\$ 142,085.05	\$ 196,452.00
2015	56,864.54	139,587.46	196,452.00
2016	59,476.91	136,975.09	196,452.00
2017	62,209.25	134,242.75	196,452.00
2018	65,067.10	131,384.90	196,452.00
2019-2023	373,016.07	607,743.93	980,760.00
2024-2028	466,939.98	513,820.02	980,760.00
2029-2033	584,513.46	396,246.54	980,760.00
2034-2038	731,691.48	249,068.52	980,760.00
2039-2043	727,999.39	68,741.42	796,740.81
	<u>\$ 3,182,145.13</u>	<u>\$ 2,519,895.68</u>	<u>\$ 5,702,040.81</u>

CITY OF ATOKA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

USDA Rural Development #92-04:

FYE Dec 31,	Principal	Interest	Total
2014	\$ 28,874.82	\$ 92,853.18	\$ 121,728.00
2015	30,088.68	91,639.32	121,728.00
2016	31,353.57	90,374.43	121,728.00
2017	32,671.65	89,056.35	121,728.00
2018	34,045.13	87,682.87	121,728.00
2019-2023	192,935.81	415,704.19	608,640.00
2024-2028	237,046.06	371,593.94	608,640.00
2029-2033	291,240.83	317,399.17	608,640.00
2034-2038	357,825.91	250,814.09	608,640.00
2039-2043	439,634.19	169,005.81	608,640.00
2044-2048	540,145.95	68,494.05	608,640.00
2049	48,256.46	488.44	48,744.90
	<u>\$ 2,264,119.06</u>	<u>\$ 2,045,105.84</u>	<u>\$ 4,309,224.90</u>

USDA Rural Development #92-04:

FYE Dec 31,	Principal	Interest	Total
2014	\$ 19,152.63	\$ 27,503.37	\$ 46,656.00
2015	19,636.96	27,019.04	46,656.00
2016	20,133.56	26,522.44	46,656.00
2017	20,642.70	26,013.30	46,656.00
2018	21,164.72	25,491.28	46,656.00
2019-2023	114,127.77	119,152.23	233,280.00
2024-2028	129,306.89	103,973.11	233,280.00
2029-2033	146,504.88	86,775.12	233,280.00
2034-2038	165,990.18	67,289.82	233,280.00
2039-2043	188,067.08	45,212.92	233,280.00
2044-2048	213,080.21	20,199.79	233,280.00
2049-2050	51,065.76	767.19	51,832.95
	<u>\$ 1,108,873.34</u>	<u>\$ 575,919.61</u>	<u>\$ 1,684,792.95</u>

Ameristate Bank (AIFA):

FYE Dec 31,	Principal	Interest	Total
2014	\$ 19,835.04	\$ 33,922.44	\$ 53,757.48
2015	20,540.51	33,216.97	53,757.48
2016	21,271.05	32,486.43	53,757.48
2017	22,027.63	31,729.85	53,757.48
2018	22,811.08	30,946.40	53,757.48
2019-2021	871,669.67	78,569.75	950,239.42
	<u>\$ 978,154.98</u>	<u>\$ 240,871.84</u>	<u>\$ 1,219,026.82</u>

NOTE 9 - CHANGE IN FISCAL YEAREND

In accordance with new Oklahoma Statutes, the City and Authorities have elected to change from a fiscal yearend of June 30 to a calendar yearend. This change is reflected in the financial statements.

CITY OF ATOKA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 10 - OIL AND GAS LEASE

The City entered into three oil and gas leases dated June 15, 2006 with Antero Resources Corporation. The royalties paid by Lessee are (a) an oil and other liquid hydrocarbons, three-sixteenth (3/16) of the produced and saved from said land, the same to be delivered at the wells, or to the credit of Lessor into the pipeline to which the wells may be connected; Lessee may from time to time purchase any royalty oil in its possession, paying the market price therefore prevailing for the field where produced on the date of purchase; (b) on gas and the constituents thereof produced from said land and sold or used off the premises or in the manufacture of products there from, the value at the well of three-sixteenth (3/16) of the gas or product sold or used. On gas sold at the well, the royalty shall be three-sixteenth (3/16) of the net proceeds realized from such sale. All royalties paid on gas will be paid after deducting from such royalty lessor's proportionate amount of all post-production costs, including but not limited to gross production and severance taxes, gathering and transportation costs from the wellhead to the point of sale, treating, compression, and processing. On product sold, the royalty shall be three-sixteenth (3/16) of the net proceeds realized from such sale, after deducting from such royalty lessor's proportionate amount of all of the above post-production costs and expenses, if any. Each lease shall remain in force for a term of three (3) years from date and so long thereafter as oil or gas, or either of them, is produced from said land by the lessee.

For the fiscal year ending December 31, 2013, payments received for the above referenced oil and gas leases are included in the General Fund's financial statements as Charges for Services.

NOTE 12 - GRANT INCOME

The City of Atoka was approved for a REAP grant from SODA (Southern Oklahoma Development Association) in the amount of \$50,000.00 for the Lift Station. As of December 31, 2013, \$50,000.00 has been received and expended.

The City of Atoka was approved for a REAP grant from SODA (Southern Oklahoma Development Association) in the amount of \$50,000.00 for the Lift Station. As of December 31, 2013, \$14,415.00 has been received and expended.

The City of Atoka was approved for a Community Development Block Grant from ODOC (Oklahoma Department of Commerce) in the amount of

CITY OF ATOKA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

\$1,000,000.00 for construction of publicly owned recycling. As of December 31, 2013, \$1,000,000.00 has been received and expended.

The City of Atoka was approved for a Community Development Block Grant from ODOC (Oklahoma Department of Commerce) in the amount of \$156,195.00 for the Lift Station. As of December 31, 2013, \$103,714.40 has been received and expended.

The City of Atoka was approved for a Grant from USDA Rural Development for the Sewer Project in the amount of \$1,564,700.00. As of December 31, 2013, \$1,564,700.00 has been received and expended.

The City of Atoka was approved for a Grant from USDA Rural Development for the Sewer Project in the amount of \$439,000.00. As of December 31, 2013, \$170,678.58 has been received and expended.

NOTE 13 - EMPLOYEE RETIREMENT SYSTEM

The City does not have a defined benefit pension plan. However, the City has an arrangement with Ameristate Bank whereby if an individual employee, after 90 days of employment, opens an IRA at the bank and contributes a minimum of 3% of their paycheck, with no limit on the maximum, the City then contributes 5% only. The total contributions for the fiscal year ending December 31, 2013, for employer and employee were \$18,519.28 and \$14,893.54, respectively for a total of \$33,412.82 for Governmental Funds, \$10,684.30 and \$6,946.12, respectively for a total of \$17,630.42 for the AMA and \$1,549.68 and \$929.76, respectively for a total of \$2,479.44 for the AIFA. Information regarding this arrangement can be obtained from the City.

NOTE 14 - FUND EQUITY

As described in Note 1 above, equity is classified as net position and displayed in three components:

1. Net investment in capital assets
2. Restricted
3. Unrestricted

CITY OF ATOKA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Fund Balances

City of Atoka, Oklahoma
Disclosure of Fund Balances Reported on Balance Sheet
For Fiscal Year Ending December 31, 2013

	General Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
FUND BALANCES:				
Assigned to:				
Capital Improvements	\$ -	\$ 751,952	\$ -	\$ 751,952
Unassigned	861,425	-	-	861,425
Total	<u>\$ 861,425</u>	<u>\$ 751,952</u>	<u>\$ -</u>	<u>\$ 1,613,377</u>

NOTE 15 - INTERFUND TRANSACTIONS

GASB-34 has changed the terminology for interfund transactions. The government must reclassify its interfund transactions at the fund level to comply with the new terminology. For most local governments this will entail the use of Interfund Balance for what used to be the "due to and due from" accounts. "Operating transfers" are now referred to simply as "transfers." "Interfund services provided and used" replaces the term "quasi-external" transactions. "Residual equity transfers" were not very common, but they are now referred to as "transfers."

At the government-wide level, the government should eliminate all interfund transactions, primarily interfund balances, and transfers. Depending on the circumstances, it may be necessary to eliminate these transactions in a two-step process as reporting journal entries. The first step eliminates the intrafund category (e.g., all governmental funds and internal service funds) so that there are no remaining interfund transactions. In the event that there is an interfund transaction remaining with an enterprise fund (or an enterprise fund with a governmental fund), then the second step needs to be performed.

The second step eliminates the interfund categories (e.g., between governmental and enterprise funds) on the face of the government-wide financial statements. The end result is that there are no interfund balances (interfund loans or transfers) remaining in the total column.

The City of Atoka's interfund transactions are still being presented in the pre-GASB 34 format and have not been eliminated from the Government-Wide financial statements. The balances of the "due to and due from" accounts are such that they are considered immaterial to the financial statements. This pre-GASB 34 format is no longer in conformity with U.S. generally accepted accounting principles.

CITY OF ATOKA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Interfund operating transfers for the year ended December 31, 2013, were as follows:

OPERATING TRANSFERS:	<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>
GENERAL:		
Capital Improvement Fund	\$ 14,944.81	\$ -
Atoka Municipal Authority	-	49,543.20
Atoka City Industrial Development Authority	2,982.00	-
Atoka Industrial Facilities Authority		140,706.67
Total General Fund	<u>\$ 17,926.81</u>	<u>\$ 190,249.87</u>
SPECIAL REVENUE FUNDS:		
Capital Improvement Fund:		
General Fund	\$ -	\$ 14,944.81
Atoka Municipal Authority	-	-
Atoka City Industrial Development Authority	-	-
Total Special Revenue Funds	<u>\$ -</u>	<u>\$ 14,944.81</u>
ENTERPRISE FUNDS		
Atoka Municipal Authority		
General Fund	\$ 49,543.20	\$ -
Capital Improvement Fund	-	-
Atoka City Industrial Development Authority	-	-
Atoka Industrial Development Authority		
General Fund	-	2,982.00
Capital Improvement Fund	-	-
Atoka Municipal Authority	-	-
Atoka City Industrial Facilities Authority	-	90,000.00
Atoka Industrial Facilities Authority		
General Fund	140,706.67	-
Capital Improvement Fund	-	-
Atoka City Industrial Development Authority	90,000.00	-
Total Enterprise Funds	<u>\$ 280,249.87</u>	<u>\$ 92,982.00</u>
	<u>\$ 298,176.68</u>	<u>\$ 298,176.68</u>

NOTE 16 - SUBSEQUENT EVENTS

The City did not have any subsequent events through June 2, 2014, which is the date the financial statements were issued, for events requiring recording or disclosure in the financial statements for the year ending December 31, 2013.

CITY OF ATOKA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 17 - PRIOR YEAR ADJUSTMENTS

Prior year adjustments were made as follows:

General Fund	\$ (555)
Capital Improvement Fund	\$ (534)
AMA	\$(46,974)
ACIDA	\$ 1,769
AIFA	<u>\$ (1,870)</u>
Total	\$(48,164)

The adjustments to General Fund, Capital Improvement Fund, AMA and \$101 of the AIFA adjustment were to remove old Transfer balances. The adjustment to ACIDA and \$1,769 of the AIFA adjustment were to correct the previous year posting for compensated absences that belongs to AIFA.

EXHIBIT I

CITY OF ATOKA, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive (Negative)
Beginning Budgetary Fund Balance:	\$ -	\$ -	\$ -	\$ -
<u>Resources (Inflows):</u>				
Sales Tax	740,000	820,106	820,106	(0)
Use Tax	27,000	78,015	78,015	(0)
Licenses & Permits	11,950	8,974	8,974	-
Alcoholic Beverage Tax	72,000	54,552	54,552	(0)
Vehicle License Tax	21,000	14,381	14,380	(1)
Gasoline Taxes	6,000	5,568	5,568	(0)
Tobacco Tax	35,000	30,619	30,619	(0)
Other Taxes	91,000	121,699	121,699	(0)
Grant Revenue	209,968	404,931	404,928	(3)
Charges for Services	128,084	156,860	156,857	(3)
Bond & Fine Receipts	354,500	356,598	356,597	(1)
Utility Franchise Taxes	103,000	97,284	97,282	(2)
Miscellaneous Revenues	8,660	26,411	26,409	(2)
Amounts available for appropriation	1,808,162	2,175,998	2,175,984	(14)
<u>Charges to Appropriations (Outflows):</u>				
Current:				
General Government	546,150	563,233	563,218	15
Police Department	765,496	836,780	836,768	12
Lake Patrol	209,468	232,905	232,900	5
Fire Department	62,650	79,009	79,004	5
Street Department	29,500	35,880	35,880	0
Airport	27,169	23,847	23,844	3
Culture & Recreation	164,619	150,534	150,526	8
Public Works	-	-	-	-
Debt Service	-	-	-	-
Capital Outlay	3,110	253,810	-	253,810
Total Charges to Appropriations	1,808,162	2,175,998	1,922,140	253,858
Prior Year Adjustments to Fund Balance	-	-	-	-
Ending Budgetary Fund Balance	-	-	253,844	253,844

CITY OF ATOKA, OKLAHOMA
NOTES TO BUDGETARY COMPARISON SCHEDULE
DECEMBER 31, 2013

The City adopts an annual budget for all funds established by the governing body as required by O.S. 11 Section 17.207 through 17.210. The state statutes also require that the budget be adopted by resolution or per the city charter at the legal level of classification (fund, department, & object category) and that the budget be filed with County Clerk and the State Auditor and Inspector. The City may transfer budgeted amounts within and among departments.

**CITY OF ATOKA, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

Federal Grantor/ Program Title	Federal CFDA No.	Award Amount	Federal Expenditures
<u>USDA Rural Development:</u>			
Grants:			
Water and Waste Disposal Systems for Rural Communities	10.760	\$ 1,564,700	\$ 737,328
Water and Waste Disposal Systems for Rural Communities	10.760	439,000	170,679
<u>Department of Housing and Urban Development:</u>			
Pass-Through Program From:			
Oklahoma Department of Commerce			
Community Development Block Grants	14.228	1,000,000	11,391
Community Development Block Grants	14.228	156,195	103,714
<u>U.S. Department of Homeland Security - FEMA:</u>			
Pass-Through Program From:			
Oklahoma Department of Emergency Management			
Hazard Mitigation Grant Program	97.039	145,341	11,528
Total		<u>\$ 3,305,236</u>	<u>\$ 1,034,640</u>

**CITY OF ATOKA, OKLAHOMA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2013**

NOTE 1 - GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of the City of Atoka, Oklahoma (the "City").

The City's reporting entity is defined in Note 1 to the City's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

NOTE 2 - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is present using the accrual basis of accounting, which is described in Note 1 to the City's basic financial statements.

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal awards revenues are reported in the City's basic financial statements as follows:

		<u>Federal Sources</u>
General		<u>\$ 1,034,640</u>
Total		<u><u>\$ 1,034,640</u></u>

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with generally accepted accounting principles.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the City Council
City of Atoka, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in accordance with Oklahoma Statutes, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Atoka, Oklahoma, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City of Atoka, Oklahoma's basic financial statements, and have issued our report thereon dated June 2, 2014, which was qualified for the improper capital asset recordkeeping. The City of Atoka, Oklahoma has implemented the general provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34, except that the City did not present the required MD&A.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Atoka, Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Atoka, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Atoka, Oklahoma's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that

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is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Atoka, Oklahoma's financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

This report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kershaw CPA & Associates, P.C.

Kershaw, CPA & Associates, PC

June 2, 2014

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the City Council
City of Atoka, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited the City of Atoka, Oklahoma's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Atoka, Oklahoma's major federal programs for the year ended December 31, 2013. The City of Atoka, Oklahoma's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Atoka, Oklahoma's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and in accordance with Oklahoma Statutes. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Atoka, Oklahoma's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on City of Atoka, Oklahoma's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Atoka, Oklahoma complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

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Report on Internal Control Over Compliance

Management of the City of Atoka, Oklahoma is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Atoka, Oklahoma's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Atoka, Oklahoma's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or to detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Kershaw CPA & Associates, P.C.

Kershaw, CPA & Associates, PC
June 2, 2014

CITY OF ATOKA, OKLAHOMA
SUMMARY STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013

The prior report on the audit of the financial statements as of and for the twelve months ended December 31, 2012, contained no findings.

CITY OF ATOKA, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issue: Qualified

Internal control over financial reporting:

Material weaknesses identified? _____yes X no

Significant deficiencies identified
that are not considered to be material
weaknesses? _____yes X none reported

Noncompliance material to financial
statements noted? _____yes X no

Federal Awards

Internal control over major programs:

Material weaknesses identified? _____yes X no

Significant deficiencies identified
that are not considered to be
material weaknesses? _____yes X none reported

Type of auditor's report issued on compliance
for major programs: Unqualified

Any audit findings disclosed that are required
to be reported in accordance with
section 510(a) of Circular A-133? _____yes X no

Identification of major programs:

#10.760 Water and Waste Disposal Systems for Rural Communities

Dollar threshold used to distinguish between
type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X yes _____no

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

CITY OF ATOKA, OKLAHOMA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013

	Trust and Agency Funds			
	Payroll Clearing	Cemetery Perpetual Care	Cemetery Care	Total
Additions:				
Interest Income	\$ -	\$ -	\$ 1	\$ 1
Lot Sales	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL ADDITIONS	-	-	1	1
Deductions:				
Other Services & Charges	-	(240)	-	(240)
TOTAL DEDUCTIONS	-	(240)	-	(240)
NET INCOME (LOSS) BEFORE CONTRIBUTIONS	-	240	1	241
Capital Contributions	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
CHANGE IN NET POSITION	-	240	1	241
TOTAL NET POSITION - BEGINNING	2,411	108,602	935	111,948
TOTAL NET POSITION - ENDING	\$ 2,411	\$ 108,842	\$ 936	\$ 112,189

See Accountant's Audit Report & Notes Which Accompany These Financial Statements